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State of Utah
DEPARTMENT OF NATURAL RESOURCES
Division of Oil, Gas & Mining

MICHAEL R. STYLER
Executive Director

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Division Director

Outgoing
COO 70039
#3660
K

November 18, 2010

Erwin Sass, General Manager
Canyon Fuel Company, LLC
P.O. Box 1029
Wellington, Utah 84542

Subject: Midterm Permit Review, Canyon Fuel Company, LLC, Dugout Canyon Mine,
C/007/0039, Task #3660

Dear Mr. Netz:

The Division of Oil, Gas and Mining has (the Division) reviewed the Dugout Canyon Mine Mining and Reclamation Plan (MRP) as part of the midterm review.

The Division has determined that there are deficiencies to be addressed. The deficiencies are listed as an attachment to this letter. The initials of each deficiencies author are provided so that your staff can communicate directly with that individual should questions arise.

Please respond to the deficiencies by December 18, 2010. If you have any questions please call me at (801) 538-5325 or Steve Christensen at (801) 538-5350.

Sincerely,

Daron R. Haddock
Permit Supervisor

DRH/SKC/ss
Attachment
Cc: Price Field Office
O:\007039.DUG\WG3660\WG3660MdTrm_DefLtr.doc

Deficiency List
Task No. 3660
Midterm Review

The members of the review team include the following individuals:

Priscilla Burton (PB)
Peter H. Hess (PH)

R645-301-121.100, The Permittee has indicated in the cover letter dated October 13, 2010, that statements in MRP, Chapter 2, Section 241.100 referring to soil stockpiled above the portal and channel diversion area for later replacement is referring to Pace Canyon reclamation activities. That being the case, please correct the remainder of the paragraph, which states, "The replacement will immediately follow the completion of construction of the portal and channel diversion." (PB)

R645-301-830.140: The Permittee must submit a detailed estimated cost, with supporting calculations for the estimates (using current unit costs for 2010). (PH)